

MINUTES  
STATE BOND COMMITTEE  
December 22, 2008

A meeting of the State Bond Committee was held at 1:03 p.m. on December 22, 2008 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present were:

Greg Winegar, Director of Division of Investments, Department of  
Commerce, Community & Economic Development  
Kevin Brooks, Deputy Commissioner, Department of Administration  
Jerry Burnett, Acting Deputy Commissioner, Department of Revenue

Present telephonically were:

Cynthia M. Weed, K & L Gates  
Debbie Schnebel, ScottballiceStrategies  
Phoebe Seldon, ScottballiceStrategies  
Deanna Gregory, K & L Gates

Also present in Juneau were:

Deven Mitchell, Debt Manager, Department of Revenue

I. Call to Order

Mr. Winegar called the meeting to order at 1:03 p.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Mr. Brooks, Mr. Burnett and Mr. Winegar were present.

III. Public Meeting Notice

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice.

IV. Approval of Agenda

The agenda was adopted with no modification.

V. Minutes of December 1, 2008 State Bond Committee Meeting

The minutes of the December 1, 2008 meeting were approved and adopted as submitted without objection.

VI. Public Comment

Mr. Winegar asked for public participation and comment. There was none.

VII. New Business

**Resolution 2008-08**

The first item of business was Resolution 2008-08, a resolution of the State Bond Committee of the State of Alaska providing for the issuance of \$50,000,000 principal amount of State of Alaska International Airports System variable rate demand revenue refunding bonds, Series 2009A (AMT). The issuance and sale of these bonds is for the purpose of refunding certain outstanding revenue bonds of the State and approving certain protective covenants (supplemental to Resolution No. 99-01, adopted January 28, 1999, Resolution No. 99-07 adopted October 15, 1999, Resolution No. 2002-01 adopted March 7, 2002, Resolution No. 2003-10 adopted December 3, 2003 and Resolution No. 2006-01 adopted February 23, 2006, as amended by Resolution No. 2006-03 adopted March 9, 2006. Mr. Mitchell brought the Committee's attention to the assignments from the rating agencies for the AIAS variable rate demand revenue refunding bonds and to the preliminary official statement. Mr. Mitchell said people have been working on this issue for about a year. He explained the problem with the current structure has been the bonds are insured by MBIA which was downgraded several time and there is investor concern about loss of liquidity with those bonds as the liquidity provider Lloyd's has the ability to extinguish their standby bond purchase agreement in the event of further downgrade of MBIA. Mr. Mitchell asked for additional detail from the working group. Mr. Burnett moved that State Bond Committee Resolution 2008-08 be approved. Mr. Brooks seconded. Mr. Mitchell took the roll and the motion passed by three yes votes.

**Resolution 2008-09**

The second item of business was Resolution 2008-09, a resolution of the State Bond Committee of the State of Alaska authorizing the defeasance of a portion of the Alaska International Airports System outstanding revenue bonds and authorizing the Debt Manager to perform the requirements necessary on behalf of the State to defease such debt service, including the submission of any

documentation related thereto. Mr. Mitchell said this resolution is more informational for the members of the State Bond Committee. He explained the System has been building cash. Now due to the economic duress, the System is interested in providing rate relief to the users of the System to help them weather this economic crisis timeframe. There is a requirement for the bonds that net revenue be a factor of annual debt service so the means of providing rate relief is to diminish debt service so you can likewise diminish your net revenues for that operating cycle. The System goal is looking at defeasing a portion of the April 2009 interest payment to provide the rate relief. Mr. Mitchell said the System would use a portion of the cash they have built up over the years to accomplish that goal. He said he wanted the SBC to be aware of the intentions of the System and looks at this resolution as full disclosure. Mr. Brooks moved State Bond Committee Resolution 2008-09 be approved. Mr. Burnett seconded. Mr. Mitchell took the roll and the motion passed by three yes votes.

#### VIII. Debt Manager's Report

Mr. Mitchell said there were a couple things he would like to report on which were not included in the packet. He stated at the last meeting on December 1, 2008, we spoke of the upcoming Mat-Su Prison pricing. He explained that first pricing was unsuccessful because we couldn't get the minimum fund deposit given the rising interest rate environment we found ourselves in with the fixed payment amounts. He said today they went out with a pricing wire that yielded \$240,000,000 for that project fund. Mr. Mitchell said he would hear back from the desk in half an hour on how that pricing was received initially. He said he is hopeful they were successful and that this was accomplished sooner than they had anticipated.

Another topic Mr. Mitchell reported on was the approval of the resolution for AHFC to issue Alaska Veteran's Mortgage bonds passed by the SBC at the last meeting. He said they posted their POS and the pricing is this week. Mr. Mitchell said it's been very difficult for him to provide the information required because the new CAFR had not been released. He said he needs more time to gather the required financial information and plans to make people aware of this in the future. He would ask them to time their bond issue differently with more advance notice.

#### IX. Committee Members Comments

There were none.

#### X. Scheduling of Next Meeting

The next meeting will be at the call of the chair.

XI. Adjournment

There being no further business, without objection Mr. Brooks moved the meeting be adjourned. The meeting adjourned at 1:28 p.m.

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Emil Notti, Commissioner  
Department of Commerce and Economic Development  
Chairman

ATTEST:

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Patrick Galvin, Commissioner  
Department of Revenue  
Secretary